HIPAA 101 For Health Care Providers' Offices

Complying with HIPAA's Electronic Transactions and Code Sets Standards Requirements

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THE 10-PART INFORMATION SERIES:

The law known as "HIPAA" stands for the Health Insurance Portability and Accountability Act of 1996. This law was passed to promote more standardization and efficiency in the health care industry.

There are four parts to HIPAA's Administrative Simplification:
1) Electronic Transaction and Code Sets Standards requirements
2) Privacy requirements
3) Security requirements
4) National Identifier requirements

This is the first informational paper in a series of ten. Collectively, the papers provide information, suggestions, tips, guidance and checklists to assist health care providers in understanding what they need to focus on to become HIPAA compliant. Each paper deals with one significant topic related to the HIPAA electronic transaction and code set rule.

HIPAA will directly impact health care providers who transmit any health care information in electronic form in connection with a covered transaction, as well as indirectly impacting their business partners. But these impacts will eventually result in overall improvements in many areas of the health care industry.
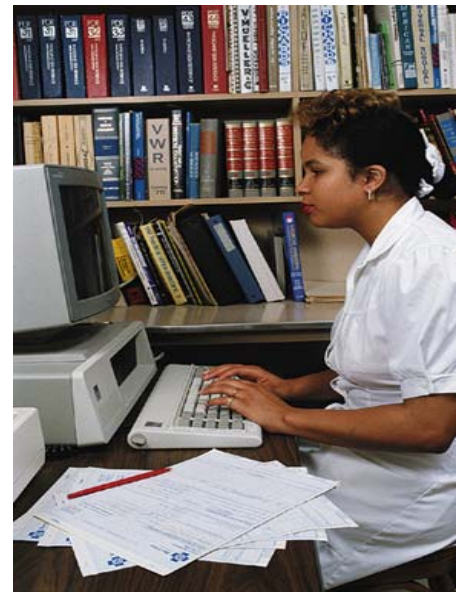
WHAT is HIPAA Administrative Simplification?

The requirements for each area of HIPAA Administrative Simplification are:

1) Electronic Transaction and Code Sets Standards Requirements

National standards (for formats and data content) are the foundation of this requirement. HIPAA requires every provider who does business electronically to use the same health care transactions, code sets, and identifiers. Many of the electronic changes required under HIPAA are highly technical. But, it is important for you to know about the HIPAA Administrative Simplification requirements and how they will impact your office.

Transaction and code set standards requirements were created to give the health care industry a common language to make it easier to transmit information electronically (for instance, when a physician's office inquires about a patient's insurance eligibility, or a dentist submits a bill to a health plan for payment).

Standard Transactions
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1. Claims or equivalent Encounter Information

2. Payment and Remittance Advice

3. Claim Status Inquiry and Response

4. Eligibility Inquiry and Response

5. Referral Certification and Authorization Inquiry and Response

6. Enrollment and Disenrollment in a Health Plan

7. Health Plan Premium Payments

8. Coordination of Benefits

9. Claims Attachments

10. First Report of Injury
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Standard Code Sets
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1. Physician Services and other Health Care Services - **Combination of HCPCS and CPT-4**
2. Medical Supplies, Orthotics, and DME - **HCPCS**
3. Conditions, & other health problems & their manifestations – **ICD-9-CM, Vols 1&2**
4. Dental Services – **Code on Dental Procedures and Nomenclature**
5. Drugs/Biologics - **NDC**

2) Privacy Requirements

The privacy requirements limit the release of patient protected health information without the patient's knowledge and consent beyond that required for patient care. Patient's personal information must be more securely guarded and more carefully handled when conducting the business of health care.

3) Security Requirements

The security regulation will outline the minimum administrative, technical, and physical safeguards required to prevent unauthorized access to protected health care information. The Department of Health & Human Services will be publishing the final instructions on security requirements.

4) National Identifier Requirements

HIPAA will require that health care providers, health plans, and employers have standard national numbers that identify them on standard transactions. The Employer Identification Number (EIN), issued by the Internal Revenue Service (IRS), was selected as the identifier for employers and was adopted effective July 30, 2002. The remaining identifiers are expected to be determined in the coming year.

WHO is Impacted by HIPAA?

The law applies directly to three specific groups commonly referred to as "covered entities." These three groups include:

1) Health Care Providers who transmit any health information in electronic form in connection with a transaction for which standards requirements have been adopted.

2) Health Plans

3) Health Care Clearinghouses

TIP 1

The U.S. Department of Health and Human Services has proposed changes to the transactions standards requirements to facilitate their implementation. This includes for instance, repealing the National Drug Code (NDC) standard except for retail pharmacy transactions, although this has not been adopted.

TIP 2

Something to keep in mind is that with HIPAA, local codes are replaced by standard codes.

TIP 3

It is important to know that as a health care provider, it is your responsibility to make sure that the software you use or the third party biller or clearinghouse you use to help process your claims, is compliant with HIPAA. If you are unsure as to whether or not they are able to produce HIPAA compliant transactions, call them and ask!

HIPAA, however, indirectly impacts many others in the health care field. For instance, software billing vendors and third party billing services that are not clearinghouses are not required to comply with the law; however, they may need to make changes in order to be able to continue do business with someone who is "covered" by HIPAA.

WHY HIPAA?

HIPAA requirements should help providers take advantage of new technologies to make doing business with health plans less costly and more efficient. Right now, there are over 400 different ways to submit a claim! With HIPAA there will be one way to submit a claim. This should make getting paid quicker and easier. With these standards requirements in place, your office staff may spend less time on the phone getting information they need for patients' paperwork.

If you have access to the Internet and would like to receive a free e-mail notification of when new HIPAA rules are published, simply sign up for the "free" listserv (e-mail communication list). This will let you know, for instance, when the security rule is published. For instructions about how to join, visit:

http://aspe.os.dhhs.gov/admnsimp/lsnotify.htm

For more information on HIPAA……

E-mail your questions to askhippa@cms.hhs.gov

Join the HIPAA Listserv to find out when new HIPAA rules are published:
http://aspe.hhs.gov/admnsimp/lsnotify.htm

Call the CMS HIPAA HOTLINE 1-866-627-7748

Log onto the CMS HIPAA web site http://www.cms.hhs.gov/hipaa/

For Privacy inquiries only: http://www.hhs.gov/ocr/hipaa/whatsnew.html

Compliance Deadlines for Covered Providers

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April 14, 2003

The deadline for compliance with the privacy requirements.

April 16, 2003

For those who submitted a "compliance plan" and received a one-year extension to get ready to meet the standards requirements for electronic transactions and code sets, you should start testing your software no later than (or make sure your third party billers/clearinghouses do so) this date to ensure you will be able to move the health care data in the new standardized format.

October 16, 2003

The deadline for complying with the electronic transaction and code set standards requirements for those who requested an extension.

NEXT STEPS?

To help you get started preparing for compliance with electronic transaction and code sets, follow these next steps:

☐ Find out if HIPAA applies to you.

☐ Determine the gaps between how you do business now and what HIPAA requires. In the column on the left are the HIPAA compliance dates you should be aware of.

☐ Find out what your health plans and payers' HIPAA implementation and testing plans are.

☐ Find out what your billing service is doing for HIPAA.

☐ Talk with your provider associations about HIPAA.

☐ Find out from your regional "Strategic National Implementation Process" (SNIP) representatives about regional HIPAA efforts. They are local groups with extensive knowledge of HIPAA.

To find your local SNIP, go to: http://snip.wedi.org/public/articles/index.cfm?cat=5.

☐ Use the CMS HIPAA Checklist for Small Providers. http://www.cms.hhs.gov/hipaa/hipaa2/ReadinessChkLst.pdf